

**Title 5: ADMINISTRATIVE PROCEDURES AND SERVICES**  
**Chapter 142: MAINE BUDGET STABILIZATION FUND**

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**Maine Revised Statutes**  
**Title 5: ADMINISTRATIVE PROCEDURES AND SERVICES**  
**Chapter 142: MAINE BUDGET STABILIZATION FUND**

**§1531. DEFINITIONS**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

**1. Average population growth.** "Average population growth" means the average for the prior 10 calendar years, ending with the most recent calendar year for which data is available, of the percent change in population from July 1st of each year and estimated by the United States Department of Commerce, Bureau of Census as adjusted by the Governor's Office of Policy and Management.

[ 2011, c. 655, Pt. DD, §1 (AMD); 2011, c. 655, Pt. DD, §24 (AFF) .]

**2. Average real personal income growth.** "Average real personal income growth" means the average for the prior 10 calendar years, ending with the most recent calendar year for which data is available, of the percent change in personal income in this State, as estimated by the United States Department of Commerce, Bureau of Economic Analysis, less the percent change in the Consumer Price Index for the calendar year. The average real personal income growth is determined by October 1st, annually, by the Governor's Office of Policy and Management.

[ 2013, c. 368, Pt. Q, §2 (AMD) .]

**3. Baseline General Fund revenue.** "Baseline General Fund revenue" means the recommended General Fund revenue forecast reported by the Revenue Forecasting Committee in its December 1st report of even-numbered years, increased by the net reduction of General Fund revenue, if any, for all enacted changes affecting state and local tax burden since the previous December 1st report of even-numbered years of the Revenue Forecasting Committee.

[ 2005, c. 621, §2 (AMD) .]

**4. Biennial base year appropriation.** "Biennial base year appropriation" means:

A. For the 2006-2007 biennium, the General Fund appropriation enacted for fiscal year 2004-05 as of December 1, 2004; and [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

B. For subsequent fiscal years, the amount of the General Fund appropriation limitation for the current year as of December 1st of even-numbered years. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**5. Commissioner.** "Commissioner" means the Commissioner of Administrative and Financial Services.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**6. Forecasted inflation.** "Forecasted inflation" means the average amount of change of the Consumer Price Index for the calendar years that are part of the ensuing biennium forecasted by the Consensus Economic Forecasting Commission in its November 1st report of even-numbered years.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**7. General Fund revenue shortfall.** "General Fund revenue shortfall" means the amount by which the General Fund appropriation limitation established by section 1534 exceeds baseline General Fund revenue and other available resources in each state fiscal year.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**8. Stabilization fund.** "Stabilization fund" means the Maine Budget Stabilization Fund established in this chapter.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**9. State and local tax burden.** "State and local tax burden" means the total amount of state and local taxes paid by Maine residents, per \$1,000 of income, as determined annually by the State Tax Assessor based on data from the United States Department of Commerce, Bureau of Census and Bureau of Economic Analysis.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

#### SECTION HISTORY

2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF). 2005, c. 621, §§1,2 (AMD). 2011, c. 655, Pt. DD, §§1, 2 (AMD). 2011, c. 655, Pt. DD, §24 (AFF). 2013, c. 368, Pt. Q, §2 (AMD).

## §1532. MAINE BUDGET STABILIZATION FUND

**1. Generally; stabilization fund established.** The Maine Budget Stabilization Fund is hereby established. Amounts in the stabilization fund may not exceed 12% of total General Fund revenues in the immediately preceding state fiscal year and, except as provided by section 1533, may not be reduced below 1% of total General Fund revenue in the immediately preceding state fiscal year. For the purposes of this subsection, at the close of a fiscal year, "immediately preceding state fiscal year" means the fiscal year that is being closed.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**2. Expenditures from fund.** Except as otherwise provided in this section, amounts in the stabilization fund may be expended only to offset a General Fund revenue shortfall.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**3. Fund to be nonlapsing.** The balance of the stabilization fund may not lapse but must be carried forward to carry out the purposes of this chapter.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**4. Investment of funds.** The money in the stabilization fund may be invested as provided by law with the earnings credited to the stabilization fund.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**5. Investment proceeds; exception.** At the close of every month during which the stabilization fund is at the 12% limitation described in subsection 1, the State Controller shall transfer from the General Fund to the Retirement Allowance Fund established in section 17251 an amount equal to the investment earnings that otherwise would have been credited to the stabilization fund.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**6. Death benefits.** The Governor shall allocate funds from the stabilization fund as needed to pay benefits due pursuant to Title 25, chapter 195-A. Allocations may be made upon written request of the Chief of the State Police, the State Fire Marshal or the Director of Maine Emergency Medical Services and after consultation with the State Budget Officer.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

#### **7. State valuation adjustments.**

[ 2013, c. 368, Pt. O, §11 (AFF); 2013, c. 368, Pt. O, §1 (RP); 2013, c. 385, §§1, 3 (AFF); 2013, c. 544, §§6, 7 (AFF) .]

**8. Emergency management assistance compact transfers.** The State Controller may transfer up to \$1,000,000 from the stabilization fund to the Military Training and Operations program within the Department of Defense, Veterans and Emergency Management based on amounts certified by the Commissioner of Defense, Veterans and Emergency Management to be necessary to fulfill the responsibilities of the department under the emergency management assistance compact under Title 37-B, section 921 or the International Emergency Management Assistance Compact under Title 37-B, section 935. These transfers are authorized only if the Legislature has adjourned sine die and only to the extent needed to meet the obligations of the department within that fiscal year that are in excess of available appropriations and any other funding sources. These funds must be allotted by financial order upon the recommendation of the State Budget Officer and approval of the Governor. Any amounts transferred from the stabilization fund must be returned to the stabilization fund upon receipt of reimbursement from the affected state or province.

[ 2011, c. 655, Pt. O, §1 (NEW) .]

#### **SECTION HISTORY**

2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF). 2007, c. 322, §1 (AMD). 2011, c. 655, Pt. O, §1 (AMD). 2013, c. 368, Pt. O, §1 (AMD). 2013, c. 368, Pt. O, §11 (AFF). 2013, c. 385, §§1, 3 (AFF). 2013, c. 544, §§6, 7 (AFF).

### **§1533. DECLARATION OF BUDGET EMERGENCY**

If the Legislature has adjourned sine die prior to the close of a fiscal year and the commissioner has provided notification as required by section 1668 that indicates that available General Fund resources will not be sufficient to meet General Fund expenditures, the commissioner may declare a budget emergency. At the close of the fiscal year, the State Controller may transfer from the available balance in the stabilization fund to the General Fund Unappropriated Surplus up to the amount necessary to increase total General Fund resources for that fiscal year to be equal to General Fund expenditures. For the purposes of this section, the Governor may reduce the stabilization fund below the 1% minimum threshold established by section 1532. The Governor shall inform the Legislative Council and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs immediately upon such transfers from the stabilization fund. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

#### **SECTION HISTORY**

2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF).

## §1534. GENERAL FUND APPROPRIATION LIMITATION

**1. Establishment of General Fund appropriation limitation.** As of December 1st of each even-numbered year, there must be established a General Fund appropriation limitation for the ensuing biennium. The General Fund appropriation limitation applies to all General Fund appropriations, except that the additional cost for essential programs and services for kindergarten to grade 12 education under Title 20-A, chapter 606-B over the fiscal year 2004-05 appropriation for general purpose aid for local schools is excluded from the General Fund appropriation limitation until the state share of that cost reaches 55% of the total state and local cost.

A. For the first fiscal year of the biennium, the General Fund appropriation limitation is equal to the biennial base year appropriation multiplied by one plus the growth limitation factor in subsection 2. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

B. For the 2nd year of the biennium, the General Fund appropriation limitation is the General Fund appropriation limitation of the first year of the biennium biennial base year appropriation multiplied by one plus the growth limitation factor in subsection 2. [2005, c. 621, §3 (AMD).]

[ 2005, c. 683, Pt. M, §1 (AMD) .]

**2. Growth limitation factor.** The growth limitation factor is calculated as follows.

A. For fiscal years when the State Tax Assessor has determined that the state and local tax burden ranks in the highest 1/3 of all states, the growth limitation factor is average real personal income growth, but no more than 2.75%, plus average population growth. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

B. For fiscal years when the state and local tax burden ranks in the middle 1/3 of all states, as determined by the State Tax Assessor, the growth limitation factor is average real personal income growth plus forecasted inflation plus average population growth. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

**3. Exceeding General Fund appropriation limitation; extraordinary circumstances.** The General Fund appropriation limitation established in subsection 1 may be exceeded for extraordinary circumstances only under the following circumstances.

A. The extraordinary circumstances must be circumstances outside the control of the Legislature, including:

- (1) Catastrophic events such as natural disaster, terrorism, fire, war and riot;
- (2) Unfunded or underfunded state or federal mandates;
- (3) Citizens' initiatives or other referenda;
- (4) Court orders or decrees; or
- (5) Loss of federal funding.

Extraordinary circumstances do not include changes in economic conditions, revenue shortfalls, increases in salaries or benefits, new programs or program expansions that go beyond existing program criteria and operation. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

B. The appropriation limitation in subsection 1 may be exceeded only by a vote of both Houses of the Legislature in a separate measure that identifies the extraordinary circumstance and the intent of the Legislature to exceed the appropriation limitation. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

C. Exceeding the appropriation limitation established in subsection 1 permits appropriations to exceed the appropriation limitation only for the period necessary to address the extraordinary circumstance and does not increase the base for purposes of calculating the appropriation limitation for future years. [2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

[2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

**4. Increase in appropriation limitation.** The appropriation limitation established in subsection 1 may be increased for other purposes only by a vote of both Houses of the Legislature in a separate measure that identifies the intent of the Legislature to exceed the appropriation limitation.

[2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF).]

#### SECTION HISTORY

2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF). 2005, c. 621, §3 (AMD). 2005, c. 636, §A4 (AMD). 2005, c. 683, §M1 (AMD).

### §1535. GENERAL FUND TRANSFERS TO STABILIZATION FUND

Baseline General Fund revenue, as recommended by the Revenue Forecasting Committee and authorized in accordance with chapter 151-B, and other available budgeted General Fund resources that exceed the General Fund appropriation limitation established by section 1534 plus the additional cost for essential programs and services for kindergarten to grade 12 education under Title 20-A, chapter 606-B over the fiscal year 2004-05 appropriation for general purpose aid for local schools until the state share of that cost reaches 55% of the total state and local cost must be transferred to the stabilization fund. [2005, c. 621, §4 (AMD).]

#### SECTION HISTORY

2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF). 2005, c. 519, §VV3 (AMD). 2005, c. 621, §4 (AMD).

### §1536. EXCESS GENERAL FUND REVENUES

**1. Final priority reserves.** After the transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511 and the transfers pursuant to section 1522, the State Controller shall transfer at the close of each fiscal year from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:

A. Forty-eight percent to the stabilization fund; [2013, c. 1, Pt. E, §2 (AMD).]

B. [2013, c. 1, Pt. E, §2 (RP).]

C. Thirteen percent to the Reserve for General Fund Operating Capital; [2011, c. 692, §2 (AMD); 2011, c. 692, §3 (AFF).]

D. Nine percent to the Retiree Health Insurance Internal Service Fund established in section 1519 to be used solely for the purpose of amortizing the unfunded actuarial liability associated with future health benefits; [2011, c. 692, §2 (AMD); 2011, c. 692, §3 (AFF).]

E. Ten percent to the Capital Construction and Improvements Reserve Fund established in section 1516-A; and [2011, c. 692, §2 (AMD); 2011, c. 692, §3 (AFF).]

F. Twenty percent to the Tax Relief Fund for Maine Residents established in section 1518-A. [2011, c. 692, §2 (NEW); 2011, c. 692, §3 (AFF).]

[2013, c. 1, Pt. E, §2 (AMD).]

**2. Additional transfer.** At the close of each fiscal year, the State Controller shall transfer from the unappropriated surplus of the General Fund to the stabilization fund an amount equal to the balance remaining of the excess of total General Fund revenue received over accepted estimates in that fiscal year that would have been transferred to the Reserve for General Fund Operating Capital pursuant to subsection 1, paragraph C had the Reserve for General Fund Operating Capital not been at its statutory limit of \$50,000,000.

[ 2005, c. 1, §1 (COR) .]

**3. Exceptions; stabilization fund at limit.** If the stabilization fund is at its limit of 12% of General Fund revenue of the immediately preceding year, then amounts that would otherwise have been transferred to the stabilization fund pursuant to subsections 1 and 2 must be transferred to the Tax Relief Fund for Maine Residents established in section 1518-A.

[ 2005, c. 2, Pt. A, §5 (NEW); 2005, c. 2, Pt. A, §14 (AFF) .]

#### SECTION HISTORY

RR 2005, c. 1, §1 (COR). 2005, c. 2, §A5 (NEW). 2005, c. 2, §A14 (AFF). 2005, c. 519, §VV4 (AMD). 2011, c. 380, Pt. X, §2 (AMD). 2011, c. 692, §2 (AMD). 2011, c. 692, §3 (AFF). 2013, c. 1, Pt. E, §2 (AMD).

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